

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 TRSE-00 IO-13 /072 W

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FM AMEMBASSY OSLO

TO SECSTATE WASHDC 3557

AMEMBASSY MOSCOW

INFO USMISSION NATO

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: PFOR, UR, NO

SUBJECT: NON-OFFICIAL SOVIETS TO PAY INCOME TAX TO NORWAY

1. SUMMARY: NORWEGIAN TAX AUTHORITIES IN THE CITY OF DRAMMEN ANNOUNCED THAT 14-15 SOVIET PERSONNEL OF THE KONEISTO AND KONELA FIRMS MUST BEGIN TO PAY NORWEGIAN INCOME TAXES, ACCORDING TO MRK-TV REPORT APR 13. SOVIETS CONNECTED WITH THE TWO FIRMS IN DRAMMEN ARE FREE OF MOST OF RESTRAINTS PLACED ON SOVIET OFFICIALS IN NORWAY, AND CAN, FOR EXAMPLE, TRAVEL FREELY THROUGOUT THE COUNTRY. SOVIET EMBASSY PROTEST TO MFA HAS BEEN PASSED ALONG TO MINFIN FOR REPLY. MEDIA COVERAGE OF TAX SITUATION HELPS DRAW MORE PUBLIC ATTENTION TO SOVIET PRESENCE IN DRAMMEN, SOMETHING THAT HAS LONG BEEN OF CONCERN TO NORWEGIAN SECURITY AUTHORITIES. END SUMMARY.

2. NRK-TV NEWS ON APR 13 REPORTED THAT INCOME TAX AUTHORITIES OF THE CITY OF DRAMMEN WILL BEGIN TO ASSESS ALL SOVIET CITIZENS LIABLE TO THE TAX WHO ARE ATTACHED TO SOVIET FIRMS

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KONEISTO AND KONELA, LOCATED IN DRAMMEN. COLLECTION WILL BEGIN WITH TAX YEAR 1975, AND ABOUT 14-15 RESIDENT SOVIET BUSINESSMEN AND TECHNICIANS ARE AFFECTED, ACCORDING TO THE NEWS BROADCAST. WHILE SOME 42 SOVIETS ARE REPORTED TO BE RESIDENT IN DRAMMEN AND EMPLOYEES OF THE TWO FIRMS, THE 14-15 IN THE SIGHTS OF THE TAX AUTHORITIES ARE PRESUMABLY THOSE LONGEST RESIDENT IN NORWAY.

3. OSLO'S LEADING DAILY, AFTENPOSTEN, REPORTED APR 14 THAT OSLO COMMUNE WOULD ALSO BEGIN TO LOOK AT THE TAX SITUATION OF NON-OFFICIAL SOVIETS LIVING IN OSLO, AND ATTEMPT TO COLLECT ALL INCOME TAXES DUE.

4. ON THE SURFACE, THERE IS NOTHING UNUSUAL ABOUT THE TAX AUTHORITIES' MOVE AGAINST THE SOVIETS. SINCE THERE IS NO TAX TREATY BETWEEN NORWAY AND USSR, SOVIETS WHO ARE RESIDENT IN NORWAY FOR MORE THAN SIX MONTHS HAVE THE SAME TAX LIABILITY AS NORWEGIAN CITIZEN. AS THE SOVIET PRESENCE IN DRAMMEN DATES FROM 1967, HOWEVER, QUESTIONS HAVE BEEN RAISED IN THE PRESS AS TO WHY LOCAL TAX AUTHORITIES WAITED SO LONG TO LOOK INTO THE SITUATION. DRAMMEN OFFICIALS REPLIED THAT SOVIETS HAD NOT APPEARED EARLIER ON LOCAL POPULATION REGISTER, PRESUMABLY BECAUSE THEY FAILED TO REPORT TAKING UP RESIDENCE IN THE CITY TO AUTHORITIES.

5. SOVIET EMBASSY HAS PROTESTED TO THE MFA AGAINST MOVE BY TAX OFFICIALS, NOTING THAT PERSONS LIVING IN NORWAY FOR ONLY SHORT PERIODS OF TIME WERE NOT SUBJECT TO TAX. MFA PASSED SOVIET COMPLAINT ALONG TO MINFIN FOR REPLY.

6. COMMENT: SOVIET PERSONNEL ATTACHED TO KONELA AND KONEISTO FIRMS DO NOT HAVE DIPLOMATIC STATUS, AND ARE RELATIVELY FREE FROM CONTROLS AND RESTRAINTS EXERCISED BY SECURITY AUTHORITIES OVER OFFICIAL SOVIETS. THEY, THEREFORE, MOVE FREELY ABOUT THE COUNTRY, WITH ACCESS TO INDUSTRIAL INSTALLATIONS, POWER PLANTS, ETC., OSTENSIBLY FOR PURPOSES LIMITED OFFICIAL USE

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OF SERVICING SOVIET-MADE EQUIPMENT. MEDIA ATTENTION HAS BEEN FOCUSED ON SOVIET BUSINESS PRESENCE FROM TIME TO TIME IN ATTEMPT TO MAKE NORWEGIAN PUBLIC AWARE OF RISKS INVOLVED, AS FOR EXAMPLE, WHEN SOVIET BUSINESSMEN IN DRAMMEN WAS DECLARED PNG IN 1971 FOR ESPIONAGE ACTIVITIES AND WHEN SOVIETS REQUESTED PERMISSION TO BUILD OWN PORT AT DRAMMEN TO SERVICE KONELA AND KONOISTO IN 1976. NORWEGIAN SECURITY AUTHORITIES CONTINUE TO BE CONCERNED ABOUT THE PRESENCE, BUT STILL HAVE NOT LIMITED RESOURCES TO COPE WITH PROBLEM. IMPROVED ENFORCEMENT OF NON-OFFICIAL, ALIEN RESIDENT REGISTRATION AT DRAMMEN, OSLO AND OTHER PLACES IN NORWAY, AND VIGILANCE OF THE TAX COLLECTOR MAY PROVIDE SOME HELP IN SECURITY AUTHORITIES' EFFORTS TO EXERCISE MORE CONTROL OVER MOVEMENT AND ACTIVITIES OF NON-OFFICIAL SOVIETS IN NORWAY. WHATEVER THE MERITS OF THE NORWEGIAN CASE MAY BE, THE TAX ISSUE WILL ADD ANOTHER IRRITANT IN NORWAY'S ALREADY COOL RELATIONS WITH THE USSR.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
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